LMP

Logistics Modernization Program

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LMP REMANUFACTURING COURSE FOR CECOM

PRESENTED BY TEAM CSC

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LMP REMANUFACTURING

ONE OF THE FOLLOWING 5 TOPICS

1. Forecasting and Planning
2. **Remanufacturing**
3. Manufacturing
4. Inventory Management and Purchasing
5. Budget and Finance

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LMP REMANUFACTURING

AGENDA

I. Introduction

A. Overall Business Process & Supply Chain Management

II. Remanufacturing Master Data

A. Bills of Material [**P**rovisioning-BOM & **R**epair-BOM]
B. Work Centers
C. Task Lists [Routings]

III. Resource Planning Process

A. Material Requirements Planning [MRP]
B. Capacity Requirements Planning [CRP]

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AGENDA - continued

IV. Inventory Management

A. Inventory Control
B. Cycle Counting
C. ABC Categories for Inventory

VI. Procurement [Requisitioning]

COURSE OBJECTIVES

Goal - To answer these questions while creating a common, consistent vocabulary:

1. What is the product/item made of? [P-BOM]
2. How many repair parts & materials are needed? [R-BOM]
3. How is the product/item remanufactured? [Task List]
4. How many should we repair? [MRP Planned Order]
5. When should we refurbish the product/item or what is the items priority [MRP Schedule Dates]
6. Can we deliver all that is required on schedule? [Capacity Requirements Planning]

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OVERALL BUSINESS PROCESS

TODAY'S REMANUFACTURING FACILITY FACES...

- RAPID CHANGES IN TECHNOLOGY
- SHORTER PRODUCT LIFE CYCLES
- INCREASED CUSTOMER AWARENESS
- CHANGING CUSTOMER PRIORITIES
- SCARCE RESOURCES
- CHANGING WORK FORCE ATTITUDES
- SAFETY & ENVIRONMENTAL ISSUES

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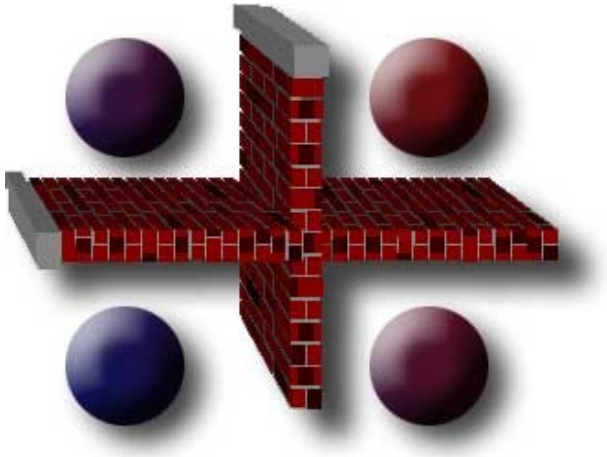
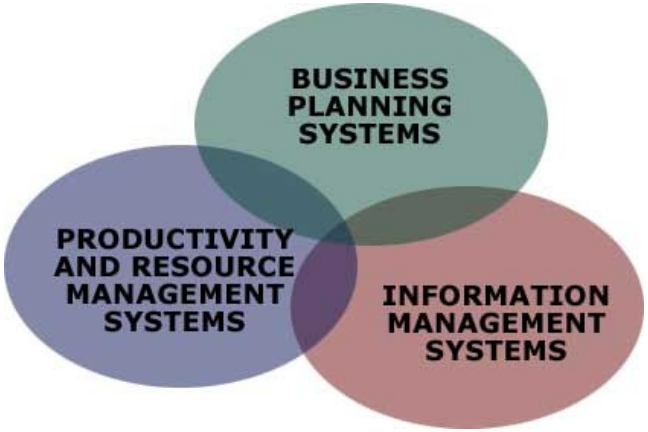
OVERALL BUSINESS PROCESS

MANAGING BUSINESS…

THE OLD WAY! (TO EACH HIS OWN)



THE NEW WAY (WHAT'S MINE IS OURS)



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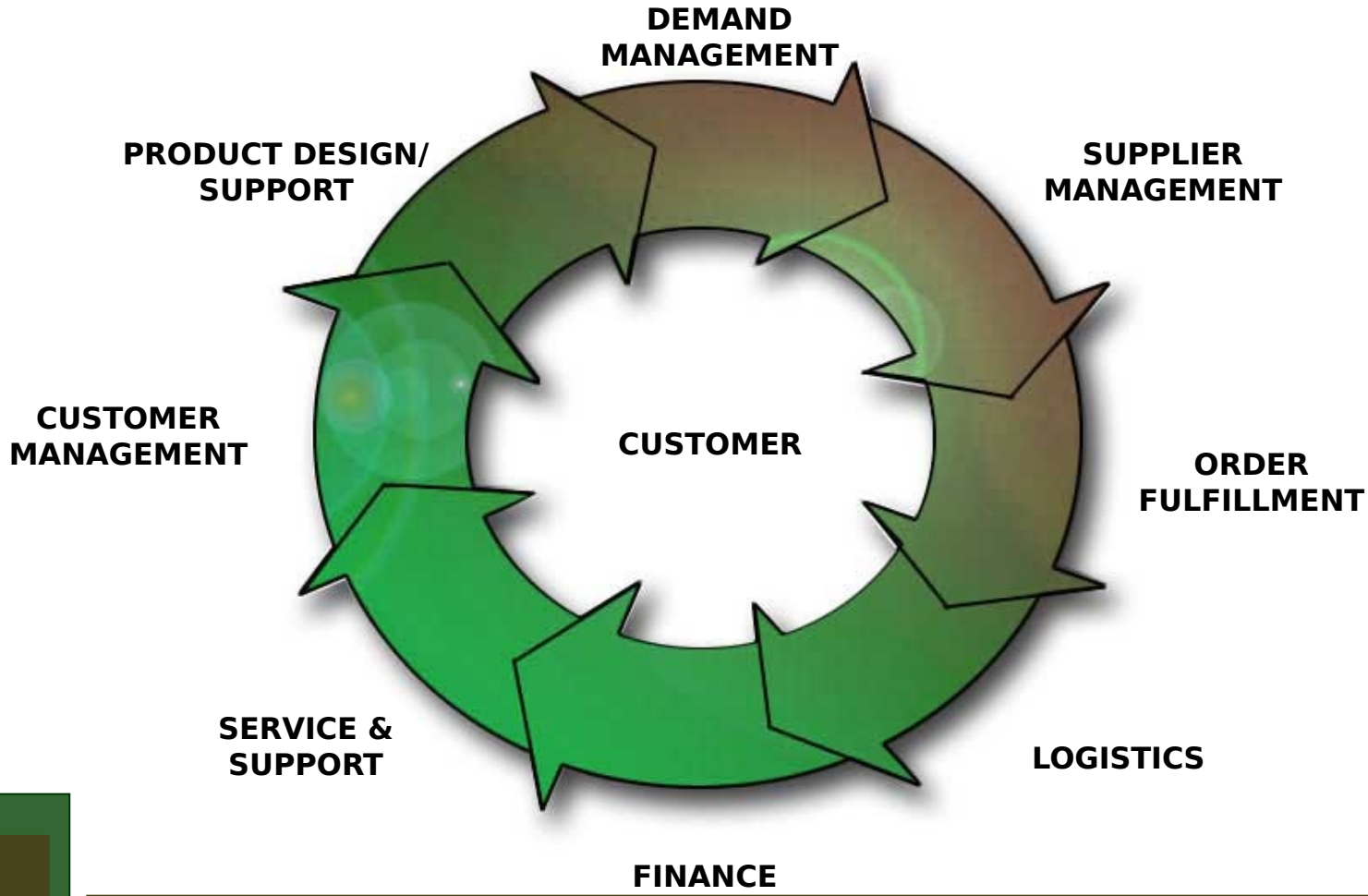
OVERALL BUSINESS PROCESS

Conventional ERP Supply Chain View



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DEFINITION OF SUPPLY CHAIN MANAGEMENT

Technical:
Supply Chain Management is a series of relationships between suppliers, customers, and service providers and the processes they use to produce a given output.

Goal:
AMC through SCM will have greater visibility to ensure that requirements (materials) needed to meet schedules/deployments/operations are delivered on time at the required quality and price.

AMC PROCESS FLOW

Suppliers

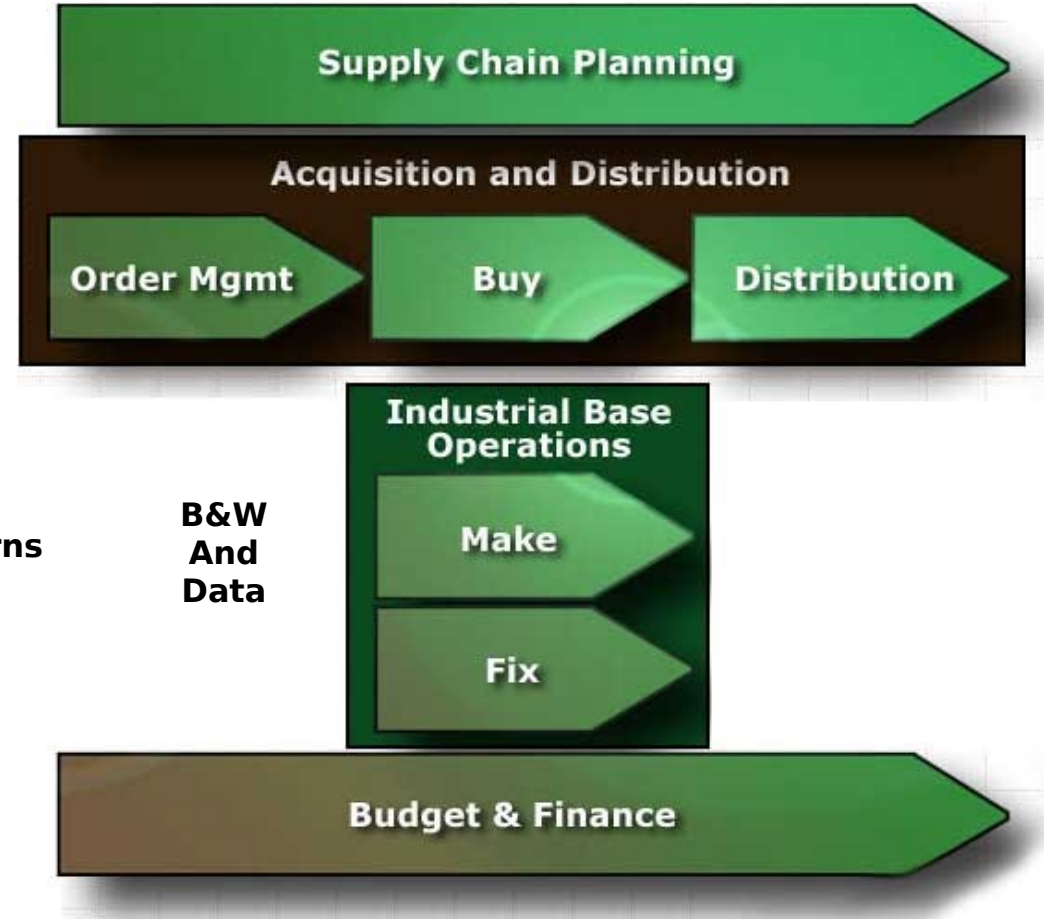
Commercial Contractors

Army Industrial Base
- Depots
- Arsenals

Other DOD
- DLA

Customer Returns

Below Depot Maintenance & Supply Support



B&W And Data

Customers

Army

Army Reserves National Guard

Other DOD
- AF
- Navy
- Marines
- DLA

Other Government
- Federal
- State
- Local

Foreign Armed Services

Private Industry

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AMC PROCESS FLOW

Supply Chain Planning

- Demand Plan for Major & Ammo Items
- Demand Plan for Secondary Items
- Develop Supply Plan
- Develop Deployment Plan

Acquisition and Distribution

Order Mgmt → Buy → Distribution

- Internal Technical Service Orders
- External Orders (non-AMC)
- Major & Secondary Item Mfg Orders
- Munitions Mfg Orders
- Army Major & Secondary Item Overhaul Orders
- Non-Army Major & Secondary Overhaul Orders – exception only
- Munitions Overhaul Orders

- One common distribution process

Industrial Base Operations

Make

Fix

- Foreign Military
- Overhaul Orders
- Major & Secondary Items

- Munitions
- Technical Services

Budget & Finance

- Budget Formulation
- POM Formulation
- Budget Stratification
- Budget Execution

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Data

BASIC PRINCIPALS OF SUPPLY CHAIN MANAGEMENT

1. Understand the customers needs as far upstream as possible.

2. Be able to evaluate (quantitatively) and routinely measure how each activity affects overall supply chain performance.

3. Build the supply chain using components (firms, functions and activities) that will make it the most effective.

4. Establish processes, systems and procedures that enable the effective and efficient operation of the Enterprise Resource Planning system.

5. Share the costs and the benefits of the Supply Chain equitably among the participants.

Principles of Supply Chain Management (A.J. Stenger, 1999)

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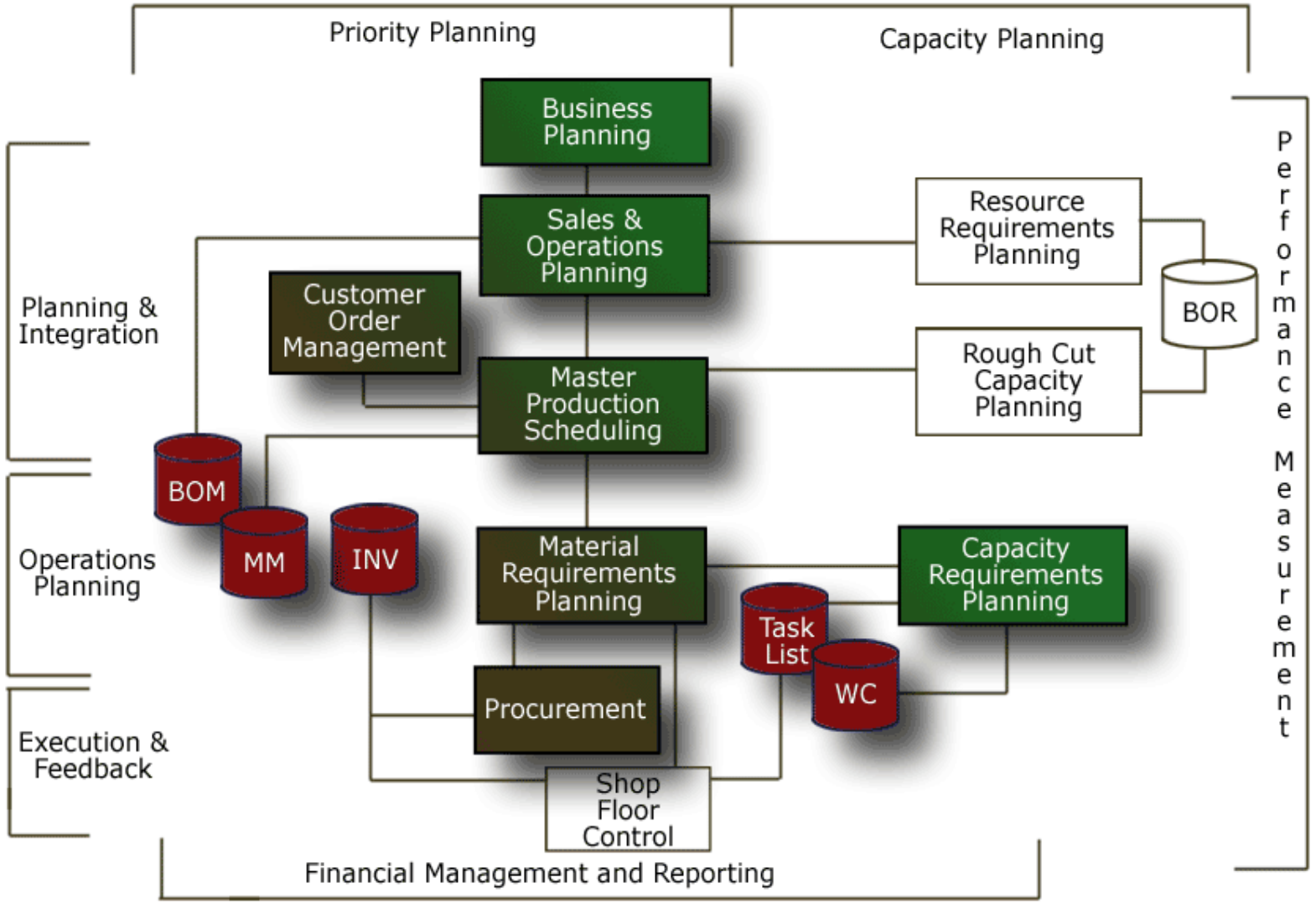
CONVENTIONAL INTEGRATED ERP SYSTEMS METHODOLOGY



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SAP R/3 PRODUCT

Materials Management (MM)
- Purchasing
- Inventory management
- Invoice verification
- Warehouse Management
- Material Master

Other Modules Utilized
- Project Systems (PS)
- Production Planning (PP)
- Human Resources (HR)
- Plant Maintenance (PM)
- Quality Management (QM)
- Finance (FI)
- Sales and Distribution (SD)
- Controlling (CO)

Customer Service (CS)
- Bill of Materials (BOM)
- Work centers and Task Lists
- Functional Locations & Equipment Master
- Refurbishment Orders
- Materials Requirements Planning (MRP)
- Configuration management
- Capacity Requirements Planning (CRP)

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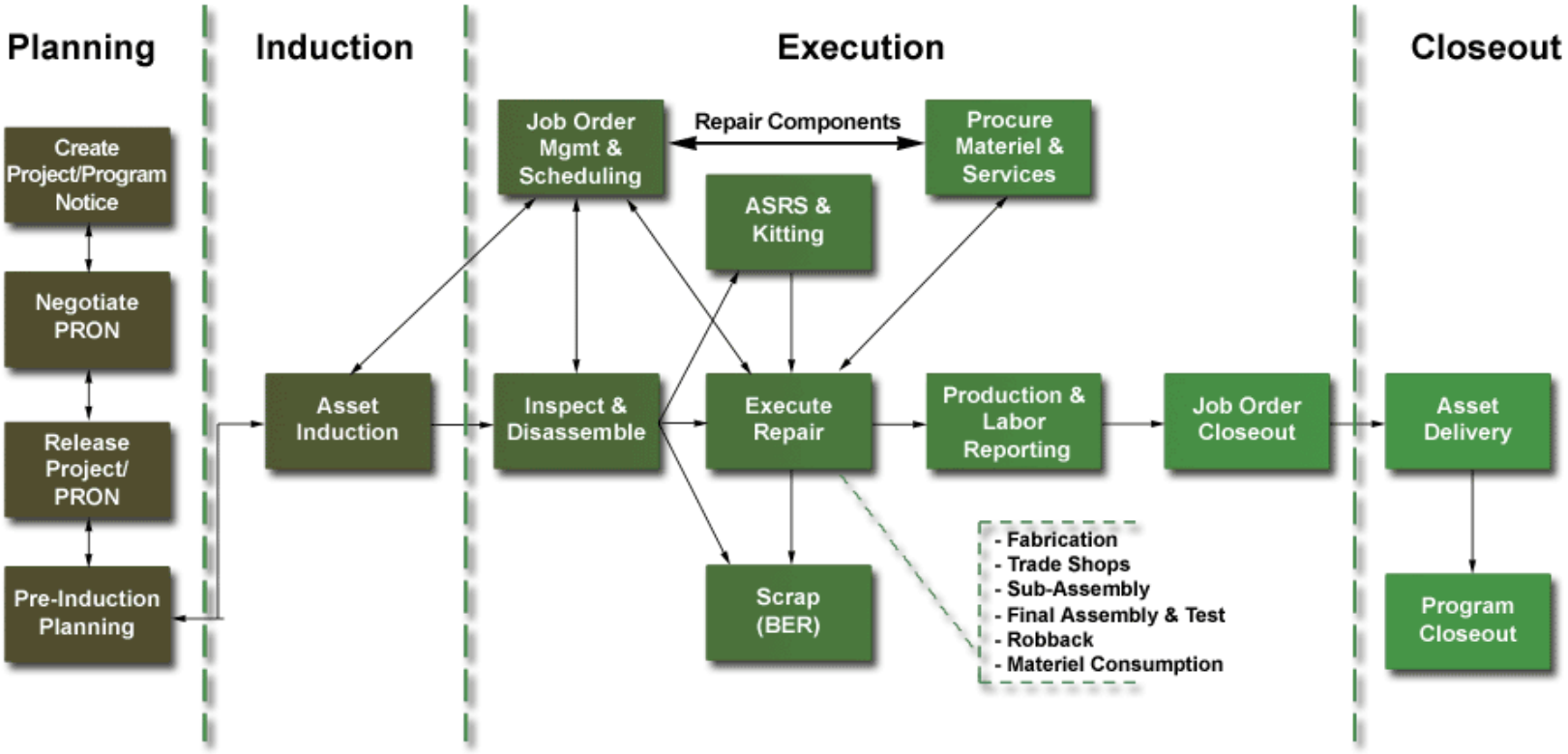
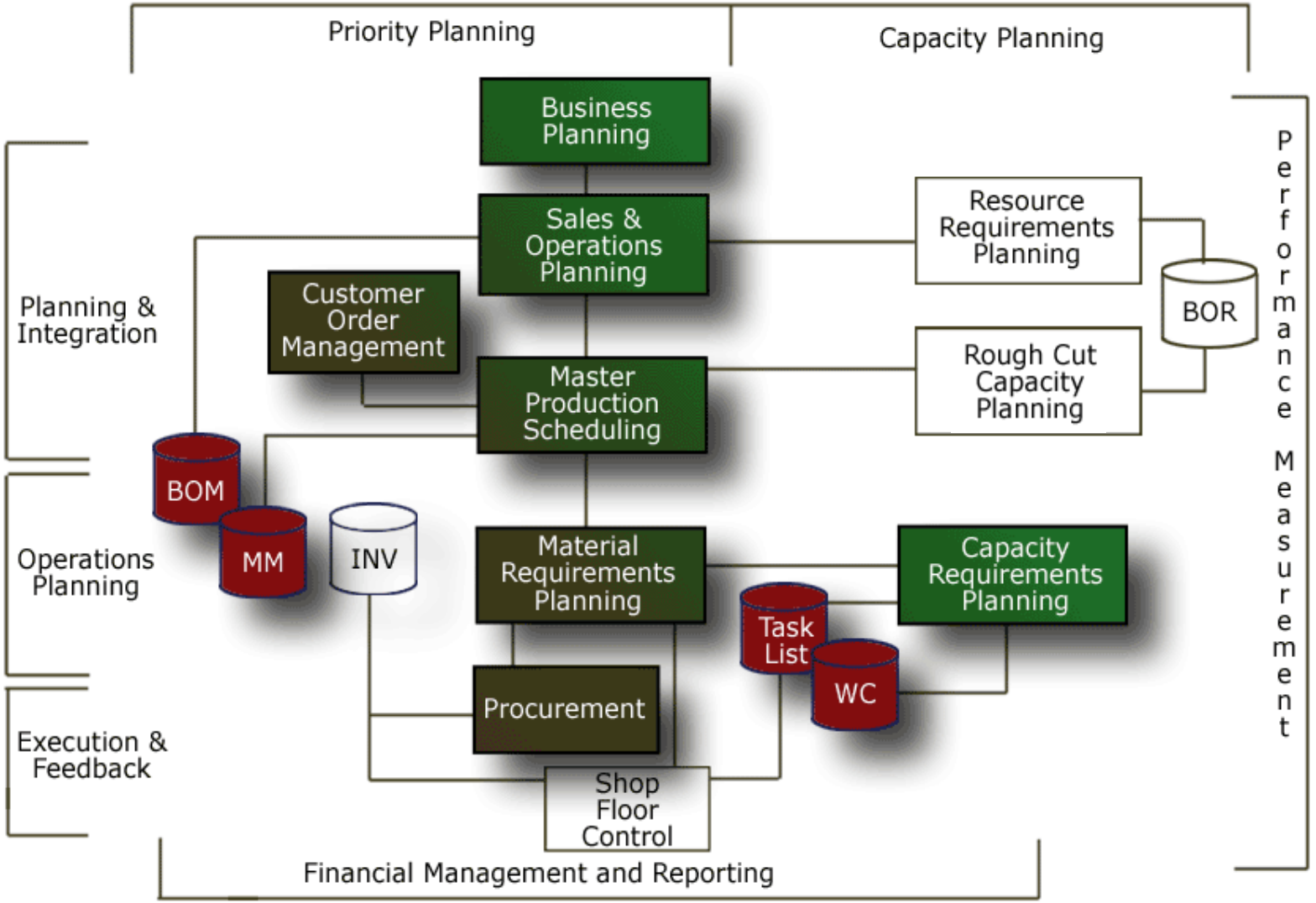
REMANUFACTURING PROCESS FLOW



PRODUCT DESCRIPTION AND REMANUFACTURING PROCESS



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BILL OF MATERIALS (BOM)

Definitions & Terminology - Material Master

NIIN, Drawing Number or Part Number

- A unique identifier
- Typically assigned if the item is:
  - Purchased
  - Manufactured
  - Remanufactured
  - Stocked
- Should be short in length and non-descriptive

Example:
Part # 32467
- Disk Drive
- Size : 3.5”
- Capacity : 1.44 MB
- Vendor : Quantum
- Color : Gray

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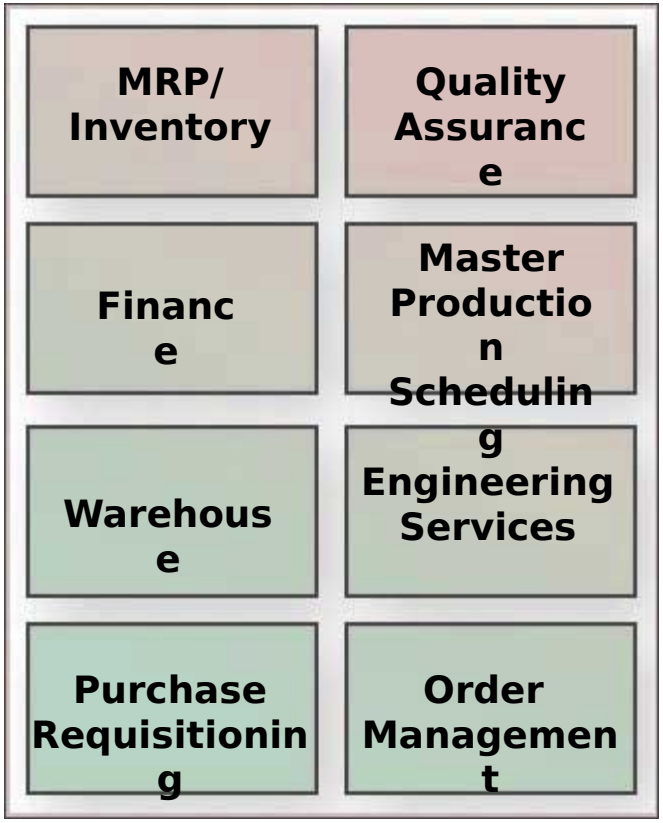
BILL OF MATERIALS (BOM)

Material Master



- A “shared” file
- Requires controlled maintenance
- Allows all users to define a single part number in their own terms
  - Inspection Requirements
  - Lead Times, Lot Sizes
  - Cost Data
  - Weights, Storage dimensions
  - Revision Numbers, Material type codes
  - Forecasting Factors
  - Mortality Rates

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Material Master screens

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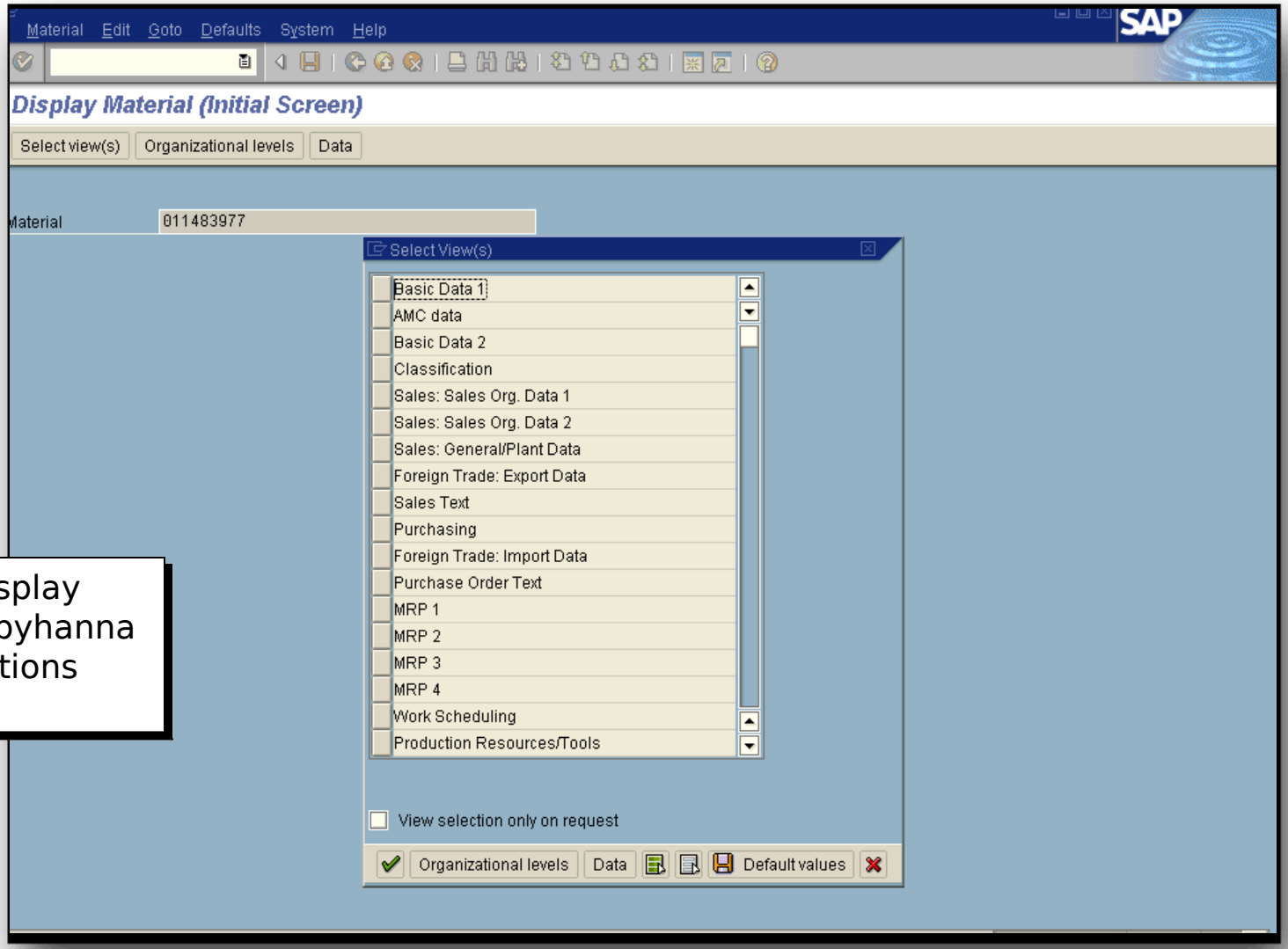
MATERIAL MASTER



This item display is for the Tobyhanna Communications Radio Set

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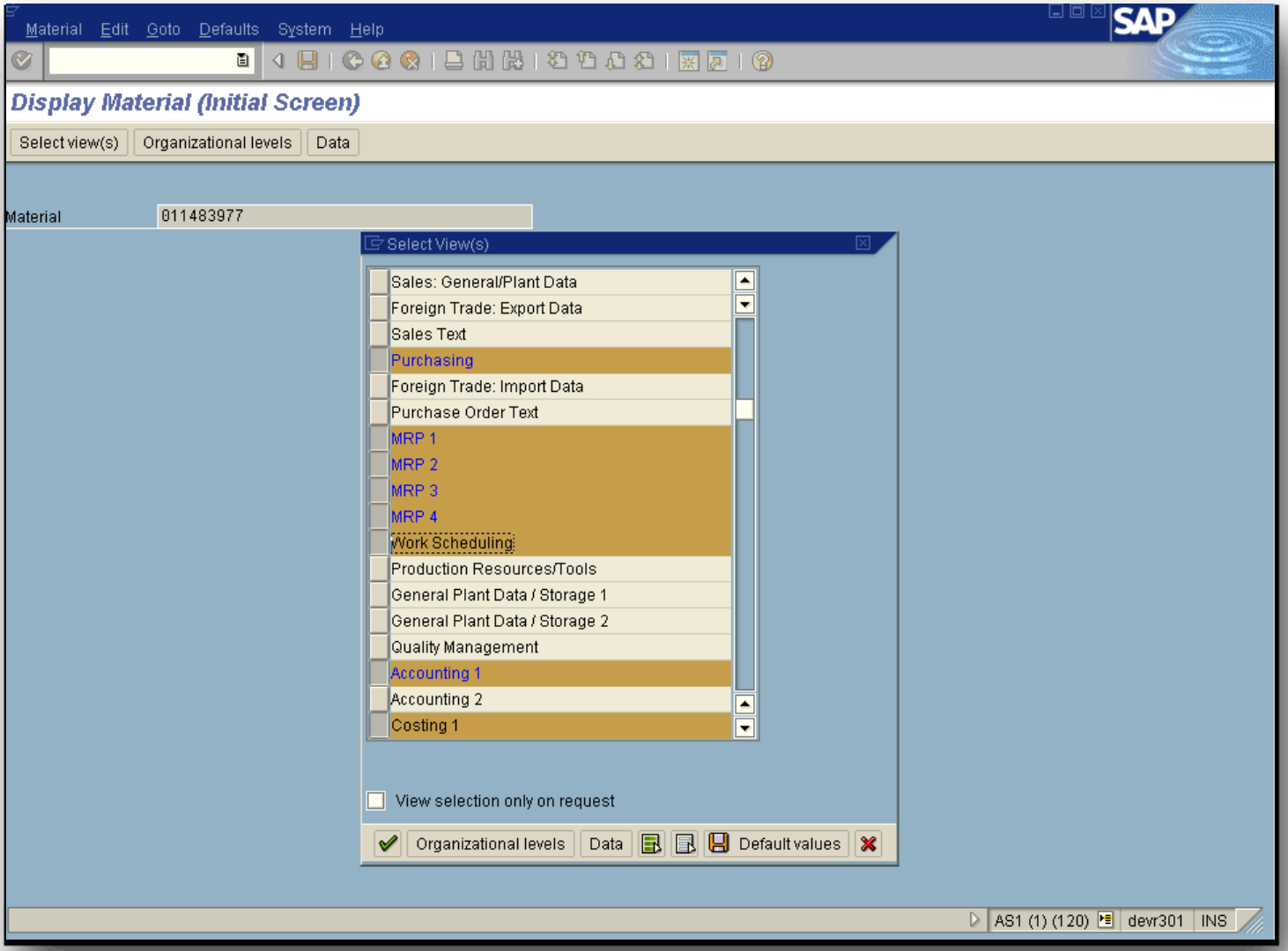
MATERIAL MASTER



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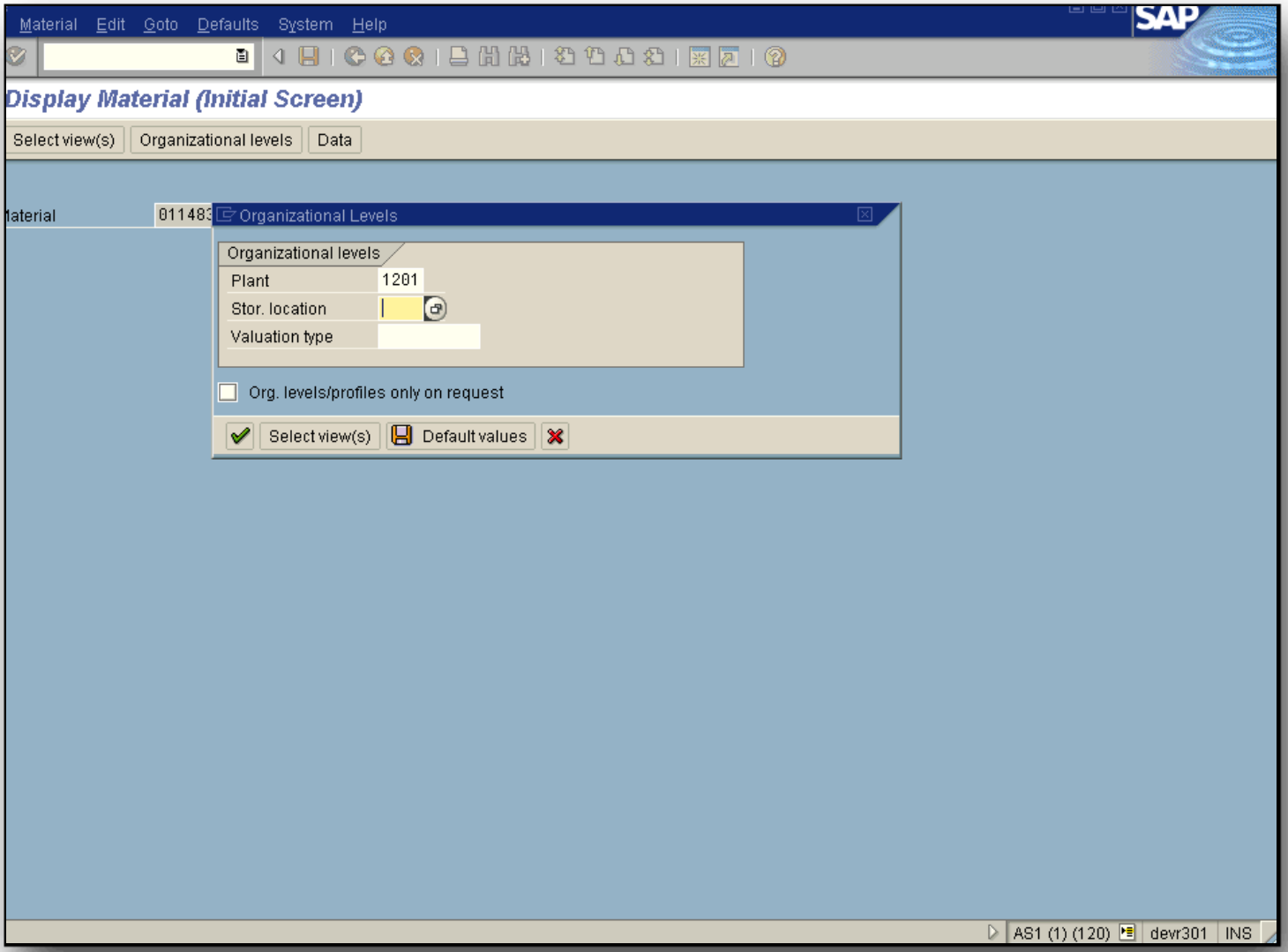
MATERIAL MASTER



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MATERIAL MASTER

Material Edit Goto Environment System Help

SAP

Change Material 011483977 (National Stock Number)

Additional data | Organizational levels | Check screen data

Basic data 1 | AMC data | Basic data 2 | Classification | Sales: sale...

Material 011483977

AN / TRC-170 (V2)

RevLev

General data

Base unit of measure	EA	each	Material group	5820	
Old material number			Ext. matl group		
Division	11		Lab./office		
Product allocation			Prod.hierarchy		
X-plant matl status			Valid from		
Assign effect. vals			GenItemCatGroup	NORM	Standard item

Interchangeability of parts

Inventory-managed manufacturer part number

External manuf.

Mfr part number 011483977

Manufacturer part management

Mfr part profile

Material authorization group

Authorization group

AS1 (1) (120) | devr301 | OVR

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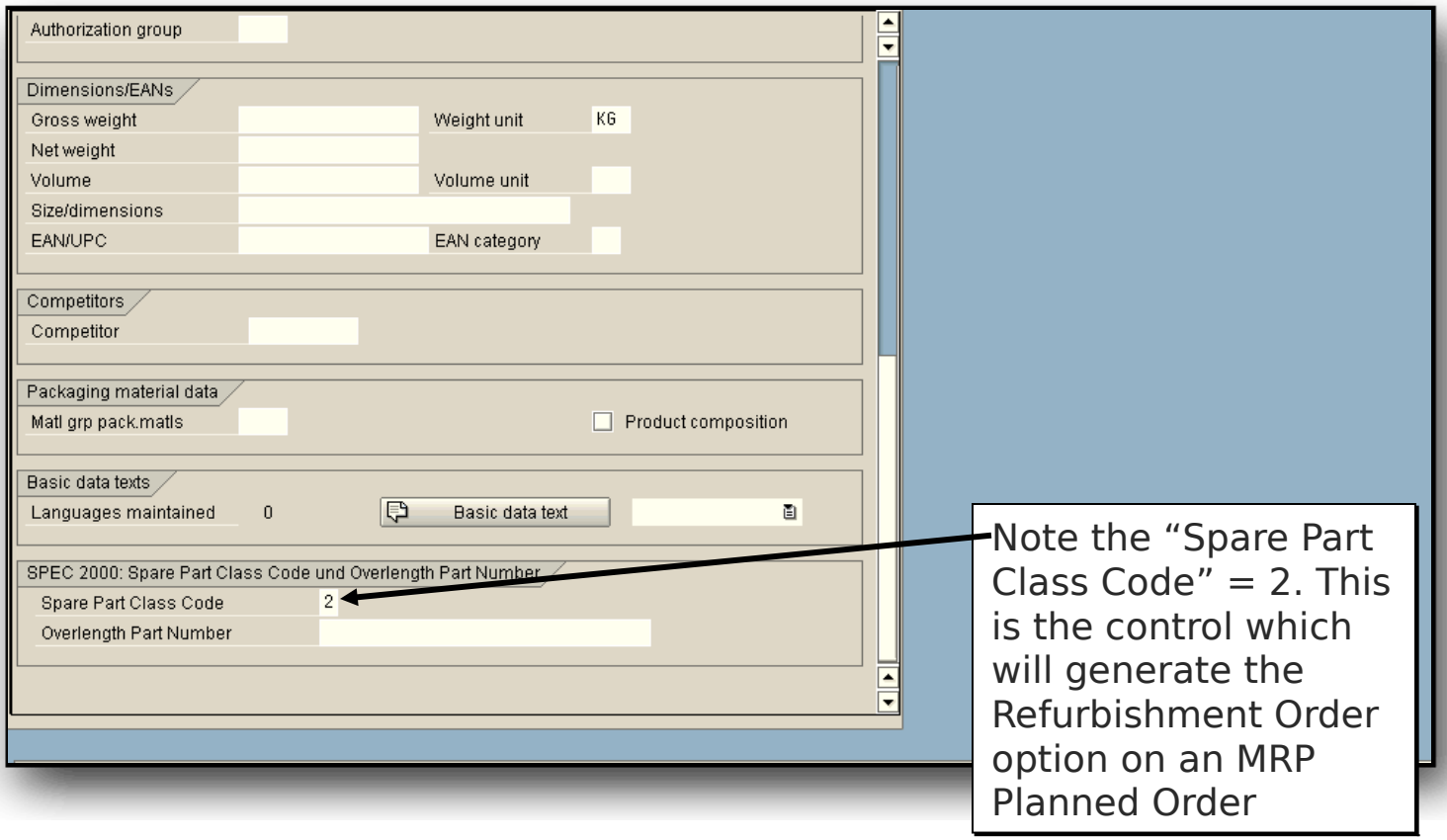
MATERIAL MASTER



Note the “Spare Part Class Code” = 2. This is the control which will generate the Refurbishment Order option on an MRP Planned Order

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MATERIAL MASTER

Note: The "Serial no. profile" field controls how SAP reacts to a serialized material.

Change Material 011483977 (National Stock Number)

Additional data | Organizational levels | Check screen data

MRP 4 | Work scheduling | Prod.resources/tools | Plant data / stor. 1

Material 011483977

AN / TRC-170 (V2)

Plant 1201 Tobyhanna Depot DMA

RevLev

General data

Base unit of measure	EA	each	Unit of issue		
Production unit			P-S matl status	Valid from	
Production scheduler			Issue stor.loc.		
Prod.sched.profile			Mat.pricing grp		
Serial no. profile	Z005		Overall profile		

☐ Insp.stock ☐ Critical part ☐ Version indicator ProdVersions

☐ Batch rec. req. Batch entry ☑ BatchManagement

Tolerance data

Underdely tol. percent Overdely tol. percent ☐ Unltd overdely

In-house production time in days

Lot size dependent				Lot size independent	
Setup time		Interoperation		InhseProdTime	
Processing time		Base quantity			

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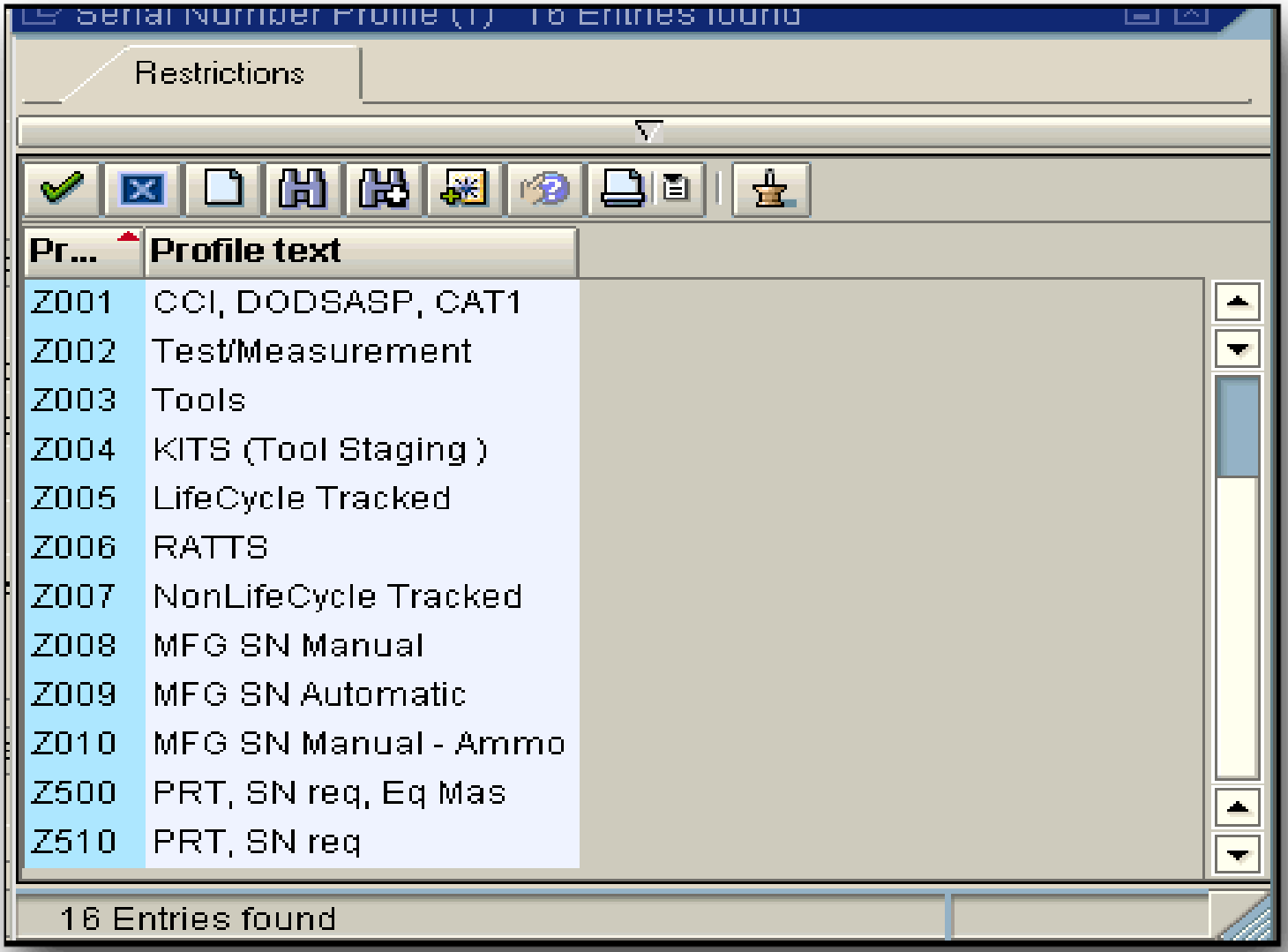
SERIAL NUMBER PROFILE SCREEN



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Equipment Master screens

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EQUIPMENT MASTER

The Serial Data tab provides the

equipment number and **serial number** link to the appropriate

material number

Also see the **History** Information on the next screen

Equipment Edit Goto Extras Structure Environment System Help

SAP

Display Equipment : SerNo.Detail

Class overview | Measuring points/counters

Equipment: 10000081 Category L Life Cycle Tracked

Description: AN / TRC-170 (V2)

Status: ESTO INST

Valid from: 05/28/2002 Exp.date: 12/31/9999

Structure | Classification | Sales and Distribution | Ser. data | Configura...

General

Material: 011483977

AN / TRC-170 (V2)

Serial number: 1014

Last SerialNo: 1234567840

History

Stock information

Stock type: 08 Restr. project stock

Plant: 1201 Tobyhanna Depot DMA Company Code: 1000

StorageLocation: AS02 ASRS

Stock batch: F Master batch: F

Special stock: Q Project stock

Customer: Vendor:

Sales order: / 0 WBS element: 1602999991GIP

Owner of stock:

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EQUIPMENT MASTER

List Edit Goto Settings System Help

SAP

Serial Number History

Document | Configuration comparison | Split detail

Material: 011483977 AN / TRC-170 (V2)
Serial number: 1014
Equipment: 10000081 AN / TRC-170 (V2)

05/28/2002	4000400		SM04	X	1201		1		
05/28/2002	4000400		SM04	05/28/2002	Test costs to F/L, added plan plan F/L				
05/22/2002	10001312		PW	05/22/2002	Test costs to functional location w/PM				
05/22/2002	4000368		SM04	X	1201		1		
05/22/2002	5000140		PM10	05/22/2002	Test costs to functional location w/PM				
05/22/2002	4000368		SM04	05/22/2002	Test costs to functional location				
05/14/2002	4900000553	2002	0000	WA	341		H		
04/16/2002	4900000118	2002	0000	WA	342		S		
04/16/2002	4900000117	2002	0001	WA	561	1201	AS02	S	

The serial number history screen allows the requestor to view material movement documents for this item

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EQUIPMENT MASTER

Equipment Master Structure View provides information about this individual item. Also gives status – installed "INST" and the unique Functional Location in which the equipment is installed

Equipment Edit Goto Extras Structure Environment System Help

SAP

Display Equipment : Structure

Class overview | Measuring points/counters

Equipment 10000081 Category L Life Cycle Tracked
Description AN / TRC-170 (V2)
Status ESTO INST
Valid from 05/28/2002 Exp.date 12/31/9999

Location | Organization | Structure | Classification | Sales and Distributi...

Structuring
FunctLocation 10000081
Description 011483977-1014 AN / TRC-170 (V
SuperEquip
Description
Position
TechIdentNo.
ConstType 011483977
AN / TRC-170 (V2)

Equipment

Pos.	Equipment	Sb-Eq	Description	EqmtType	Mfr	Mo

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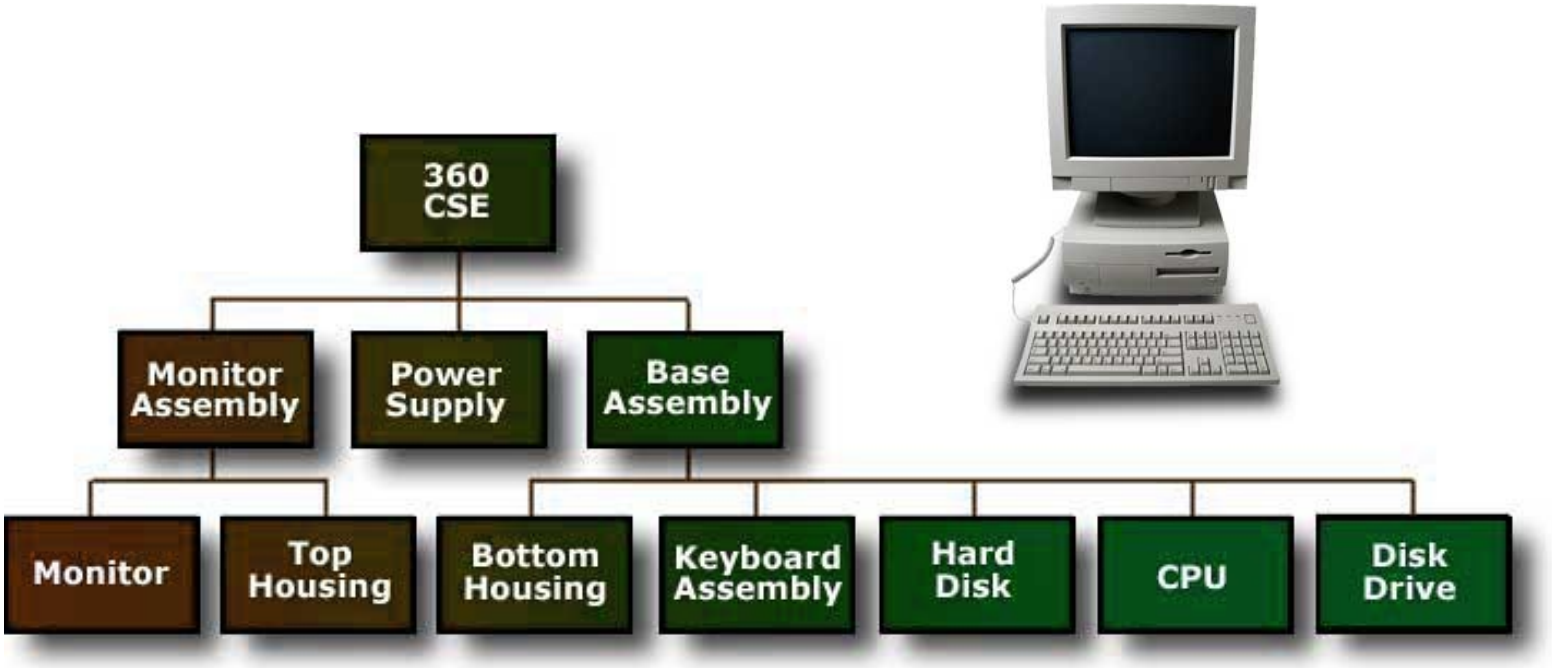
BILL OF MATERIALS (P-BOM)

Definitions & Terminology

The Bill of Material defines the structure of the materials, parts, and subassemblies required to make the product



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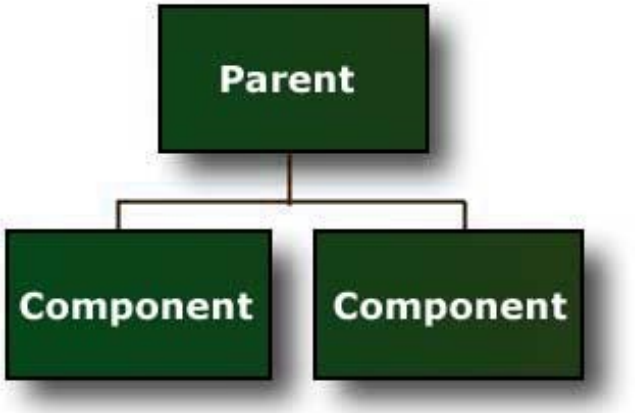
BILL OF MATERIALS (BOM)

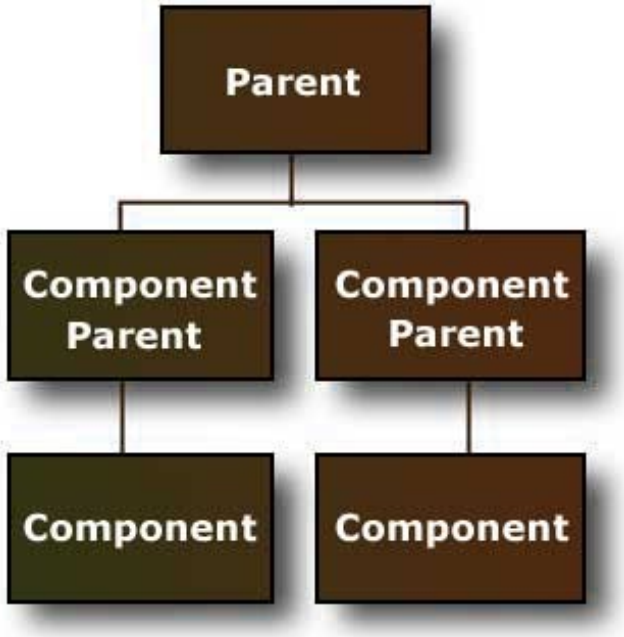
Definitions & Terminology

THE PARENT- CHILD [COMPONENT] RELATIONSHIP:

SINGLE-LEVEL BILL OF MATERIAL:



MULTI-LEVEL BILL OF MATERIAL:



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Structures are created one level at a time

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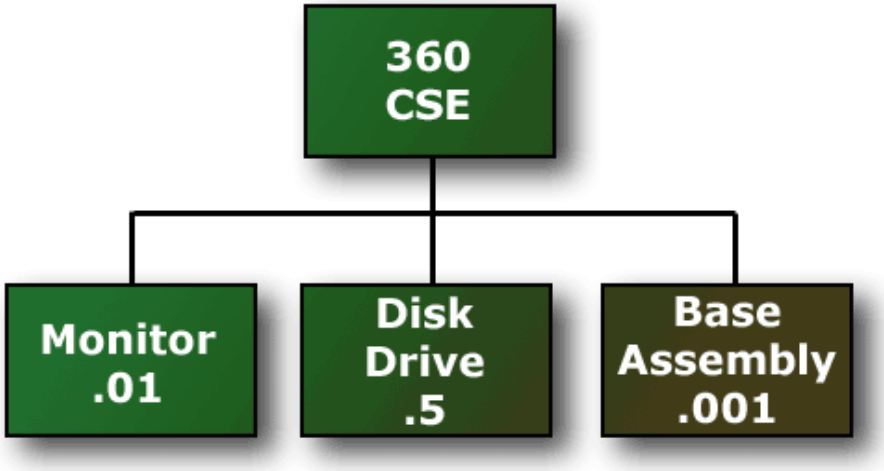
BILL OF MATERIALS (R-BOM)

Definitions & Terminology

This Bill of Material defines the list of the repair parts needed to execute a program. It would include the appropriate mortality rates.



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LMP BOM USAGE

- Tech Manuals
- Initial Provisioning
- War reserves
- Repair Parts and Special Tools List (RPSTL)
- Long Term Planning, **Maintenance Parts Explosion**, **Repair Parts Forecasting** and **Remanufacturing Execution**
- Lifecycle + Weapon System Configuration
- Long Term Planning, Parts Explosion and Manufacturing Execution

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Bill of Material [BOM] screen

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BILL OF MATERIALS

BOM group Edit Goto Extras Environment Settings System Help

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Display BOM group: Summarized BOM

Variant items | Variants | Effectivity

BOM group	011483977A1	Plant	1201
BOM text	Test		
Material	011483977A1		

BOM items

Item	ICt	Component	Component description	Quantity	Un	02	Item ID	SortStrng	G..	Prod.	Eng/des.
0010	L	011483977	AN / TRC-170 (V2)	0.300	EA	☑	00000004			☑	☑
0020	L	012130761	CAPACITOR	0.100	EA	☑	00000005			☑	☐
0030	L	013234884	CRYSTAL	0.020	EA	☑	00000006			☑	☐
0031	L	012156181	AN-PRC-126 RADIO SET	2	EA	☑	00000008			☑	☐

Position... | Initial | Entry | 1 / 4

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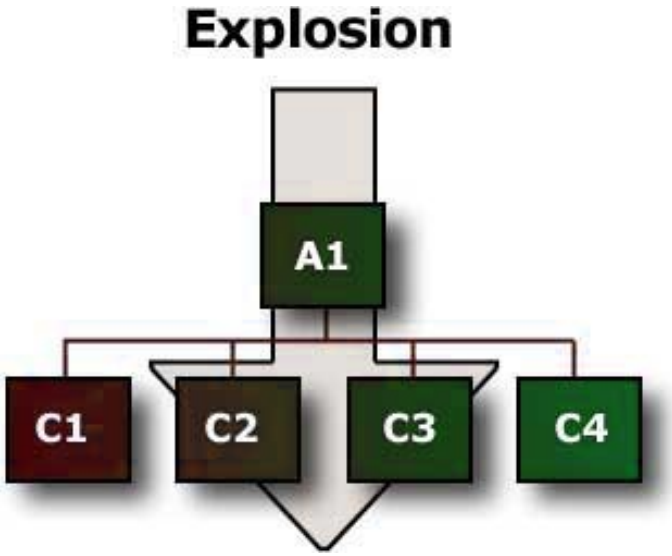
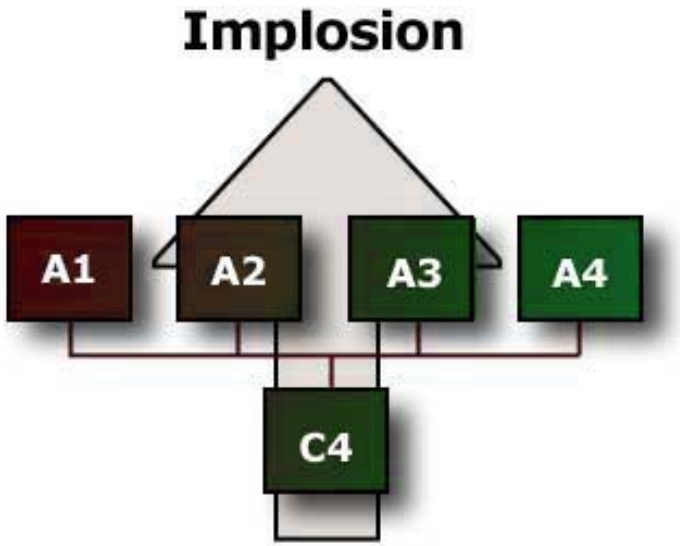
BILL OF MATERIAL

Definitions & Terminology





What's in a part

- Single/Multi Level Parts Lists/Relationships

Where is it used

- Single/Multi Level Where-Used Information

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BILL OF MATERIAL

Typical BOM Users and Uses

• Financial Planning & Control	Estimate Product Cost Maintain Actual Cost vs Estimate
• Quality Control & Configuration Management	Link Design Engineering, Process Planning, and Material Information to obtain an “As Built” BOM Maintain Configuration Records
• Design Engineering	Create Drawings Document Product Design
• Manufacturing Engineering & Process Planning	Create Work Instructions Add Tooling Information
• Material Planning & Control	Schedule All Parts Generate Pick Lists Maintain Ordering Information

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Summary of Bill of Material Uses

- An End Item is made of materials, parts, and sub-assemblies (parents & components) as described in the product's Bill of Materials.

- Different "views" of an End Item's BOM can be used by different groups within the remanufacturing facility to meet their specific needs.

- End Items, materials, parts, and assemblies all have part numbers stored in the Material Master along with information to describe them.

WORK CENTERS / TASK LIST / LEAD TIME

Definitions & Terminology

Where and how is the product put together?

- WORK CENTERS
- TASK LIST
- LEAD TIME

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Definitions & Terminology

Work Center definition:

A specific production facility which consists of one or more persons and/or machines and can be considered one unit for the purposes of planning and control.
May be known as your “Cost Centers” today.

Definitions & Terminology

Work Center Guidelines:

- Group resources according to similarity of tasks -- control of the resources is critical
- Responsibility for the resource group must be clearly defined
- Resource capacity & capability must be measurable and defined
- Resource groupings must be held to a minimum for control purposes

Definitions & Terminology

Task List

A Task List is a set of operations which describes how a particular item is to be remanufactured.

- The task list identifies the tasks (operations) to be performed and the sequence.
- Additional information usually provided includes:
  - inspections
  - materials
  - graphical view
  - time standards
  - operation relationships

Definitions & Terminology

Work Centers and Task List

In a remanufacturing setting, every end item which is remanufactured needs a task list.
Each task list must consist of all the work centers required to refurbish one unit of the item.

The process of creating task lists starts with the identification of the operations required and Work Center to perform the operation.

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Task List screens

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TASK LIST

General task list Edit Goto Operation Extras Environment System Help

SAP

Display General Task List: Operation Overview

Internal External Header Task list

Group 9 001776835 - A1 Overhaul Grp. ct 1

General operation overview

Op...	Sb...	Work ctr	Plnt	Ctrl	Description	L.	Work	Un.	No	Duratn	Un.	C	Pct	Int. distr	Fct	ActTyp	Std txt	Assembly
0010		56300	1201	ZPCP	S/M DISASY		10.0	H	2	5.0	H	1	100	SAP020	1	LBR		
0010	0001	56300	1201	SM09	Production Count		1	U	0	0.0	H	0	0		1	LBR		
0020		56300	1201	ZPCP	S/M ASY~~~		90.0	H	5	10.0	H	1	100	SAP020	1	LBR		
0020	0001	56300	1201	SM09	Production Count		1	U	0	0.0	H	0	0		1	LBR		
0030		56C00	1201	ZPCP	AIR COND		2.0	H	2	1.0	H	1	100	SAP020	1	LBR		
0030	0001	56C00	1201	SM09	Production Count		3	U	0	0.0	H	0	0		1	LBR		
0040		56C00	1201	ZPCP	ELECTRICAL		109.0	H	6	18.2	H	1	100	SAP020	1	LBR		
0040	0001	56C00	1201	SM09	Production Count		3	U	0	0.0	H	0	0		1	LBR		
0050		5H500	1201	ZPCP	S/B PARTS		55.0	H	6	9.2	H	1	100	SAP020	1	LBR		
0050	0001	5H500	1201	SM09	Production Count		1	U	0	0.0	H	0	0		1	LBR		
0060		5H300	1201	ZPCP	SANDBLAST VAN		90.0	H	6	15.0	H	1	100	SAP020	1	LBR		
0060	0001	5H300	1201	SM09	Production Count		3	U	0	0.0	H	0	0		1	LBR		
0070		5H300	1201	ZPCP	PAINT OUTSIDE+INSIDE		82.0	H	6	13.7	H	1	100	SAP020	1	LBR		
0070	0001	5H300	1201	SM09	Production Count		3	U	0	0.0	H	0	0		1	LBR		
0080		5H400	1201	ZPCP	PHOTO FAB		45.0	H	4	11.3	H	1	100	SAP020	1	LBR		
0080	0001	5H400	1201	SM09	Production Count		1	U	0	0.0	H	0	0		1	LBR		
0090		5H400	1201	ZPCP	ELEC/PLATE PARTS		45.0	H	4	11.3	H	1	100	SAP020	1	LBR		
0090	0001	5H400	1201	SM09	Production Count		1	U	0	0.0	H	0	0		1	LBR		
0100		5H200	1201	ZPCP	PAINT COMO/PRTS		90.0	H	4	22.5	H	1	100	SAP020	1	LBR		
0100	0001	5H200	1201	SM09	Production Count		3	U	0	0.0	H	0	0		1	LBR		

Components Rel P... SPack Insp.c Entry 1 / 38

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TASK LIST

General task list Edit Goto Operation Extras Environment System Help

SAP

Display General Task List: Operation Relationships

Internal | External | Components | PRT | Maintenance package

Group 9 001776835 - A1 Overhaul Grp. ct 1

Operation 0010 S/M DISASY

Relationships

Op...	Interval	Un.	Typ	Scs	Short text	Tr%	TIK	ID	Work ctr	Plnt
0030	0.0		FS	☑	AIR COND	0		US		
0040	0.0		FS	☑	ELECTRICAL	0		US		
0110	0.0		FS	☑	MOBILESUPPORT	0		US		
0120	0.0		FS	☑	EQUIPPAGE	0		US		
0150	0.0		FS	☑	POWER SYSTEMS	0		US		
0190	0.0		FS	☑	WELDING	0		US		

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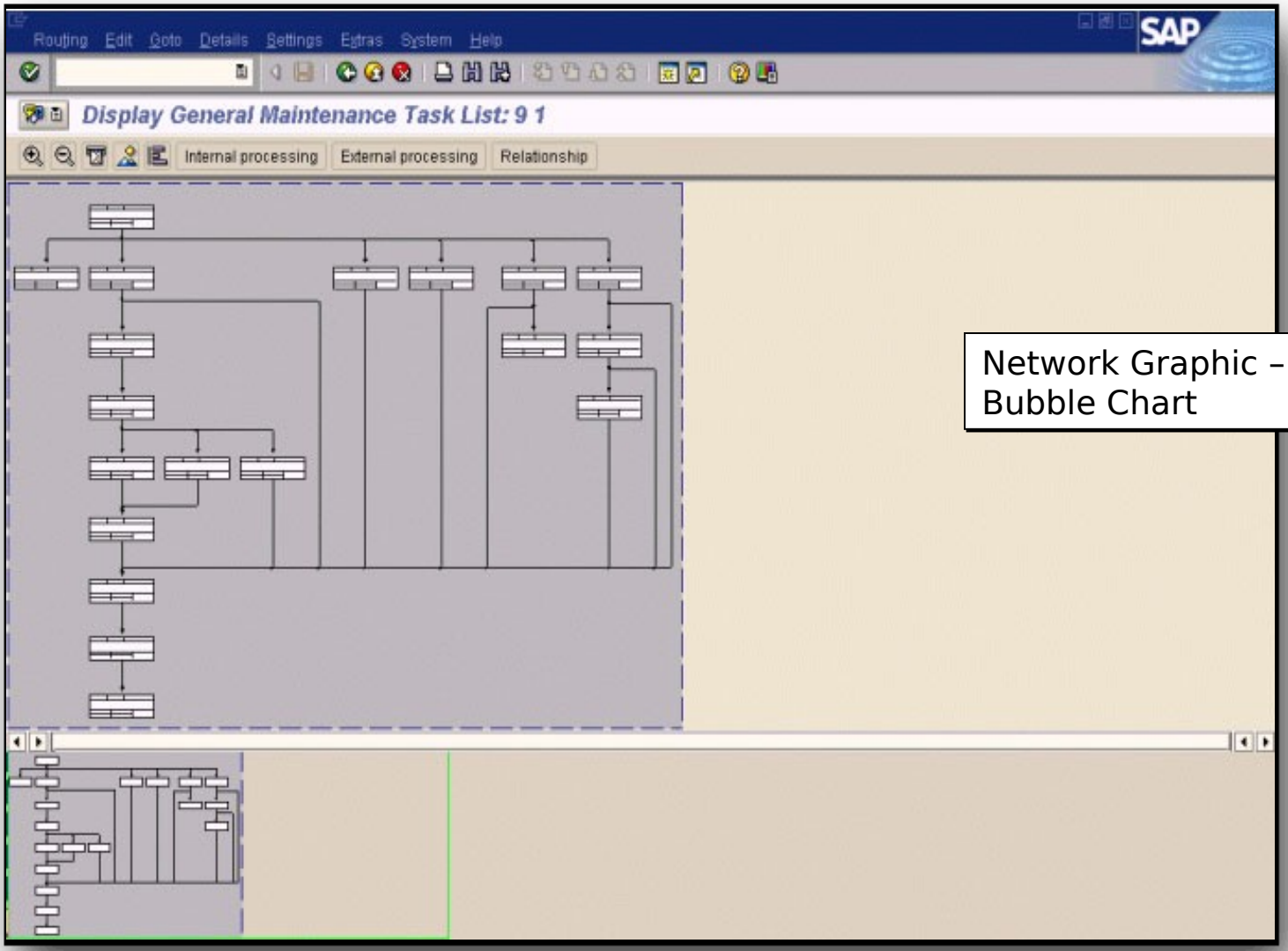
TASK LIST



Network Graphic – Bubble Chart

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Summary of Work Centers and Task Lists

- An item is refurbished by performing a sequence of operations in different work centers.
- The sequence of operations/work centers used to refurbish an item is described by the task list.
- The task list information can include the parts from the BOM that are required at each work center and a description of the operations performed in that center.

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REMANUFACTURING REPAIR CYCLE TIME

Definitions and Terminology

In-house End Item Maintenance [Remanufacturing RCT]: The amount of time needed to refurbish the item in-house.

- RCT is the duration (days or hours) of a specific task (operation) in the refurbishment task list.
- End item Remanufacturing RCT is the sum of the task RCTs of the longest path in the route.

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FABRICATION IN SUPPORT OF REMANUFACTURING LEAD TIME

Definitions and Terminology

In-house Fabrication [Remanufacturing Lead Time]: The amount of time in workdays needed to fabricate a part in support of Remanufacturing.

- Lead time is typically composed of multiple components:
  - move time
  - queue time
  - set-up time
  - refurbish time
  - wait time

- Adding up the lead time for the entire routing results in cumulative lead time

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Material Requirements Planning

The amount of raw materials, components and repair parts required to build the Production Schedule is determined by MRP - Material Requirements Planning.

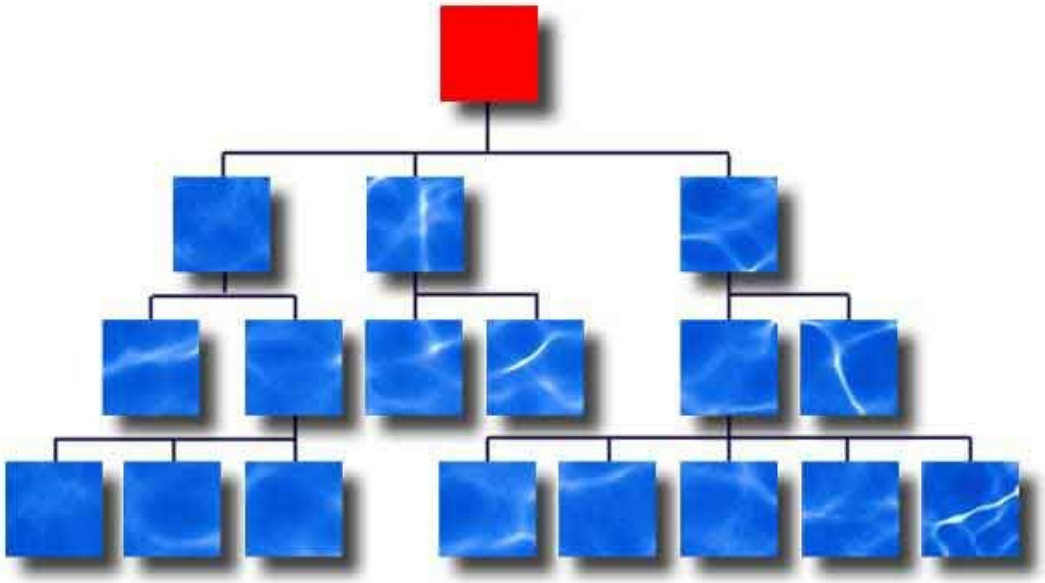
Independent demand is “exploded” through the item’s Bill of Material [factored by component mortality rates] to determine the dependent demands for raw materials and component parts.

The requirements are then time phased based on the part’s lead time and the “output” of MRP is the Refurbishment Order.

MATERIAL REQUIREMENTS PLANNING

Definition #1:

MRP is a set of priority planning techniques for planning component priorities typically below the product (or end item) level



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MATERIAL REQUIREMENTS PLANNING

Definition #2:

MRP is the formalization of the informal system (i.e... a computer projected shortage report).

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CD Multimedia Mod		JUN	JUL	AUG	SEP	OCT	NOV
47300 Speaker Kit		30	30	30	30	30	30
On Order from vendor				10			
On Hand in stores	80						
Stock Status		50	20	0	**-30**	**-60**	**-90**

"What do we need to get ... and when"

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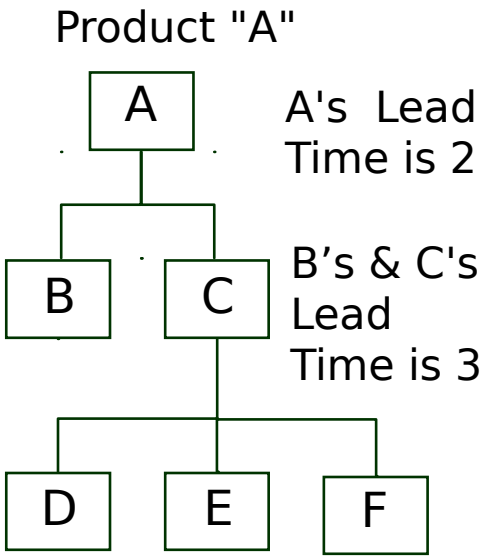
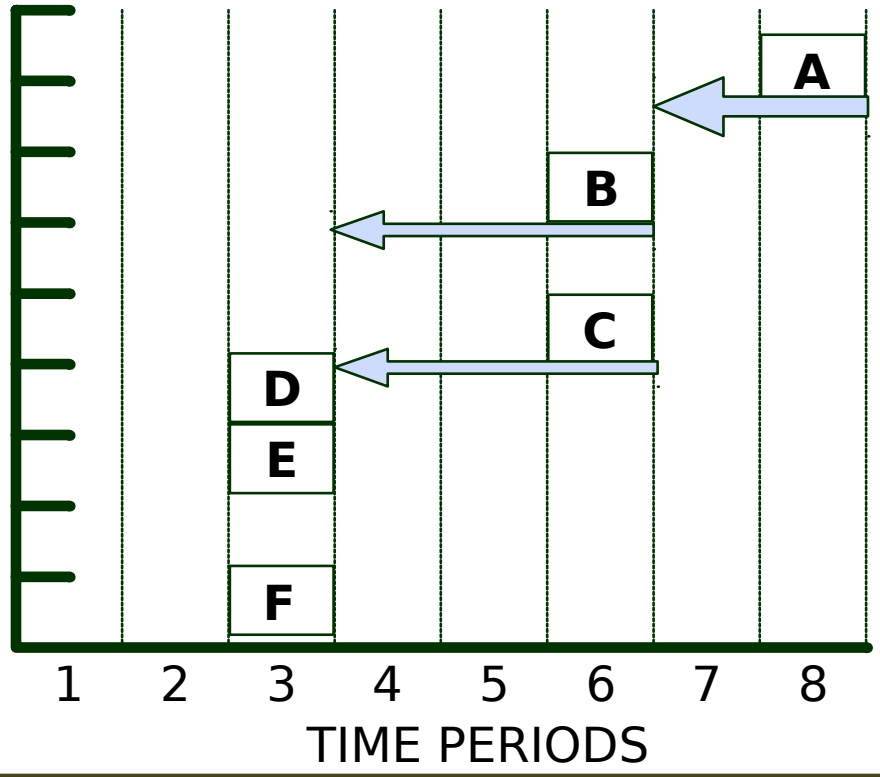
MATERIAL REQUIREMENTS PLANNING

Time Phasing:

Always looking to the future, MRP time-phases requirements and back schedules by the lead time to determine need dates





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MATERIAL REQUIREMENTS PLANNING

Time-phasing means capturing (or developing) the information on timing so as to provide answers to the following questions.

1. When will the demand actually have to be satisfied?
2. When is the quantity on order due to come in?
3. When will the stock run out?
4. When should the replenishment order be completed?
5. When should the replenishment order be released?

	1	2	3
Gross Requirements	5	5	5
Scheduled Receipts		5	
On Hand Balance 5	0	0	-5
Net Requirements			5
Planned Order Receipt			5
Planned Order Release	5		

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ELEMENTS OF LIFE CYCLE TRACKING

	LMP Approach
Tracking the costs per individual item	Refurb. Order/End Item + Equipment Master
Tracking serialized material movements	Serialized Material + Movement transaction
History of components issued to an end item	Refurb. Order/End Item + Reclaim to Inventory
Configuration (structure) management	Equipment Master + Functional Locations
Technical history records per individual end item	Notification

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REFURBISHMENT ORDER & LIFE CYCLE TRACKING

Key Definitions

• Capture the cost of work performed on each individual serialized end item and secondary item, including all labor, material and contractor costs using **Refurbishment Work Orders**.

• **Serialization** identifies and differentiates between individual items of material. When goods movements are performed, the user will enter the serial number and the system will record that serialized movement.

• Capturing technical history includes documenting information that describes the condition of an end item either before and/or after reconditioning. The history also includes tracking the activities performed on that end item during a program. “Notifications”, if needed.

• LMP uses **Functional Locations** as a means of structuring an end item. The structure can show all life cycle tracked equipment and its position within the structure.

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CAPACITY REQUIREMENTS PLANNING

The amount of product the facility can make is determined in a series of increasingly detailed steps, starting with Resource Requirements Planning, then Rough Cut Capacity Planning, and ending with Capacity Requirements Planning.

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CAPACITY REQUIREMENTS PLANNING

Identify Resources Unique to the Capacity Plan

Capacity Requirements Planning:

Identify critical resources which would inhibit the production of the item

Typical Resources:

- Skilled Labor Grades
- A Specific Machine
- A Special Tool
- Critical Purchased Components
- Critical Vendors

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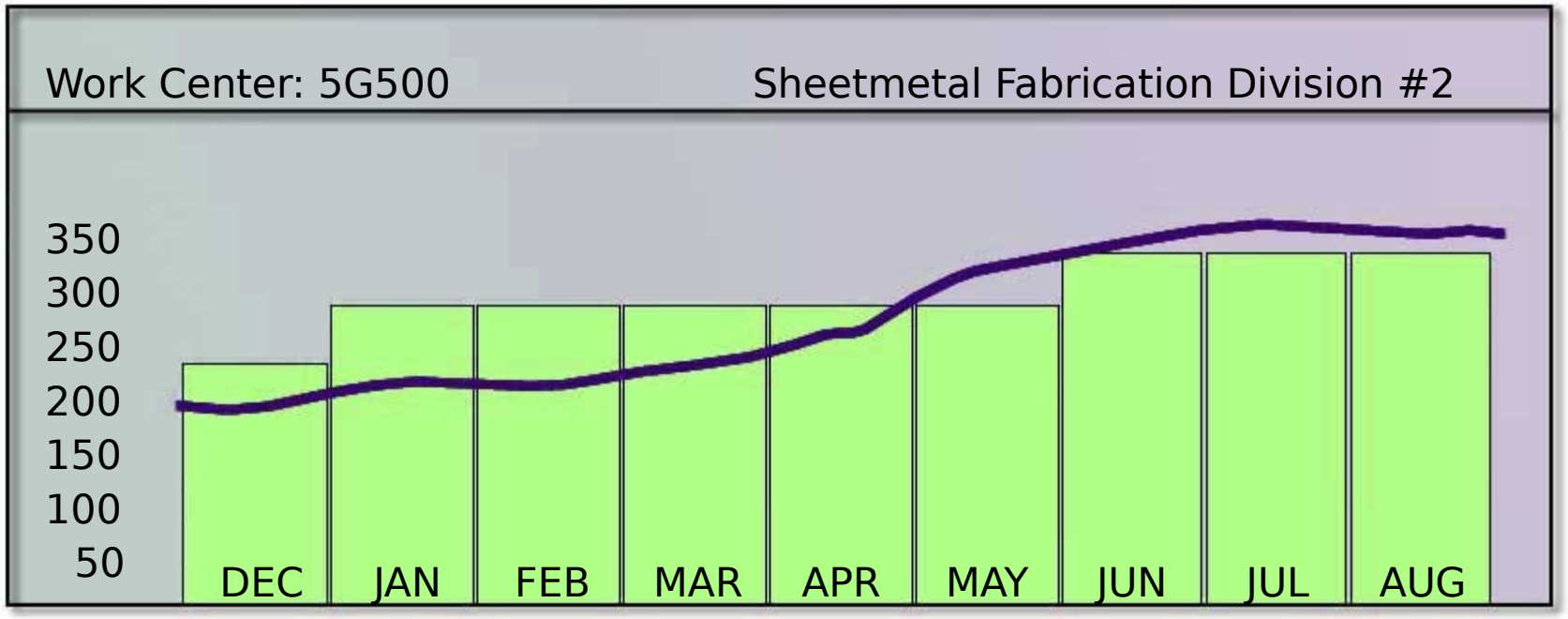
DETAILED CAPACITY REQUIREMENTS PLANNING

Compare MRP work load hours [actual and planned] to available capacity and analyze the results.



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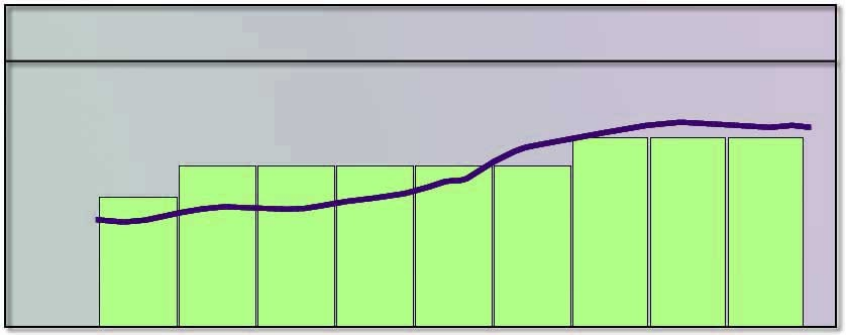
DETAILED CAPACITY REQUIREMENTS PLANNING

Does projected MRP work load equal available capacity?



Change Schedule

- Balance work center load
- Change schedule due dates (in or out)

Adjust Capacity

- Reassign resource
- Increase resource capacity
- Off load to a substitute work center

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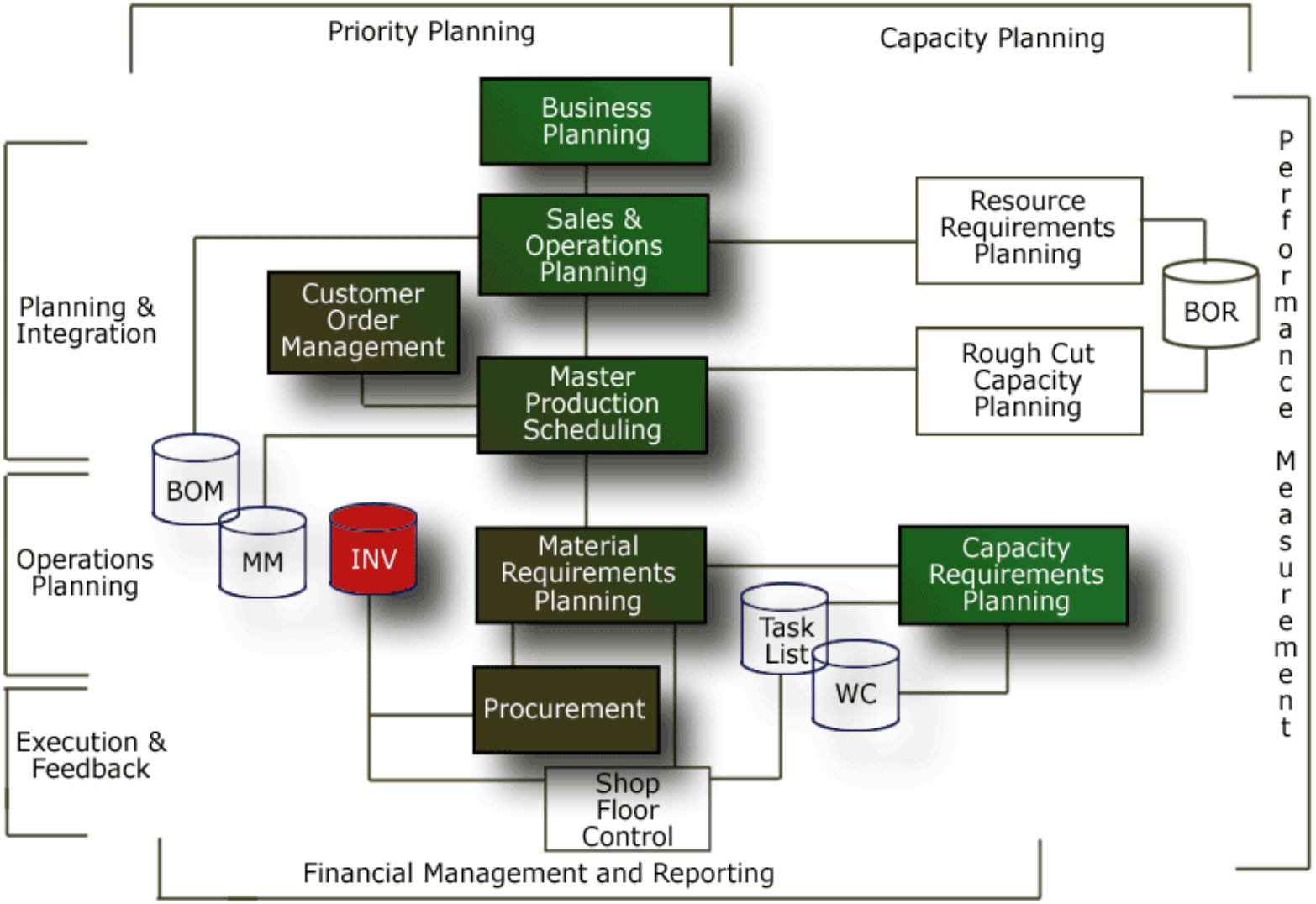
AGENDA - continued

IV. Inventory Management

A. Inventory Control
B. Cycle Counting
C. Categories of Inventory Value

INVENTORY MANAGEMENT



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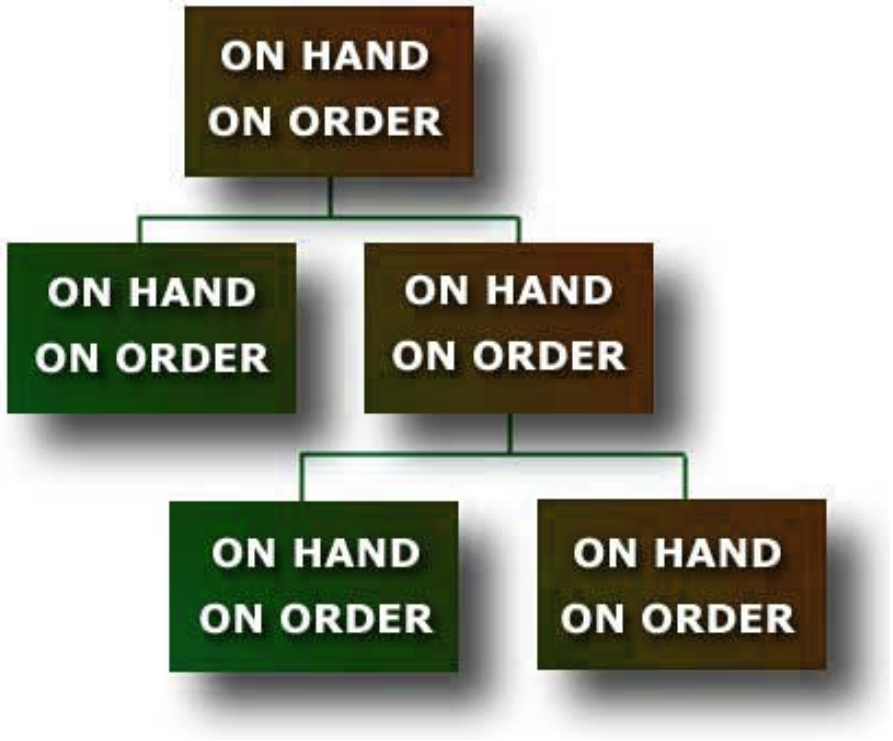
INVENTORY ACCURACY

An MRP system can be thought of as a set of logically linked records

The Product Structure File provides the scheduling framework

The Material Master provides the scheduling parameters



Accurate inventory records are the foundation of an MRP system

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INVENTORY ACCURACY

Inaccurate Inventory Records Can Result In:

- Shortages
- Excesses
- Missed Schedules
- Low Productivity
- Late Delivery
- Excess Expediting
- Excess Costs

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INVENTORY ACCURACY

Causes of Inventory Discrepancies :

- Systems (rare but possible)
- Processes
- Procedures

Solution to Problem :

- Education & Training
- Adherence to Procedures
- Reconcile actual inventory to system inventory

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INVENTORY MANAGEMENT – CYCLE COUNTING

- Cycle Counting is a tool which is used to measure inventory accuracy and assist in maintaining record accuracy.
- Cycle Counting is a method by which a "snap shot" is taken of a part/location combination at a point in time.
- The purpose of Cycle Counting is to:
  - find records which are in error
  - determine the source(s) of the error(s)
  - take corrective action

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Classical ABC Stratification of Inventory

- Based on Pareto's Law (the 80/20 rule)
- An arbitrary stratification of inventory for purposes of valuation and control

A = HIGH VALUE CONSUMPTION

B = MEDIUM VALUE CONSUMPTION

C = LOW VALUE CONSUMPTION

AGENDA - continued

VI. Procurement [Requisitioning]

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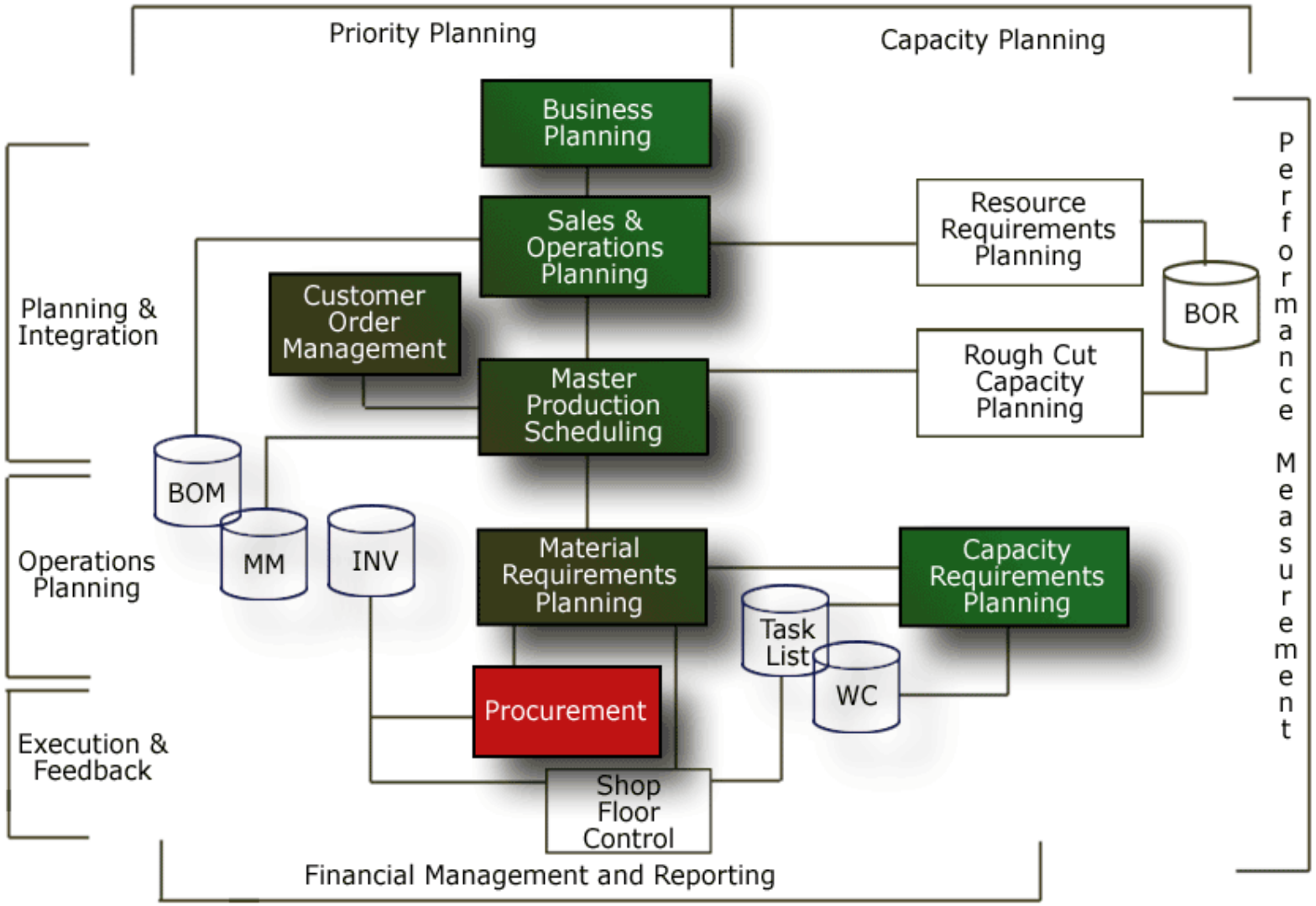
PROCUREMENT



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PROCUREMENT

“What do we need to get and when ?”

Purchase Requisitions placed

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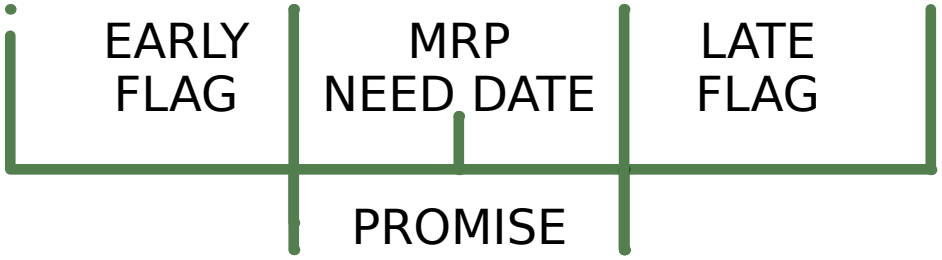
PROCUREMENT PROCESS

The power of MRP - keeping the vendor promise dates in sync with remanufacturing need dates



The system constantly monitors need dates relative to the promise dates

- MRP action messages are sent to the Buyer/Planne
- Buyer/Planner decides what to do and updates system

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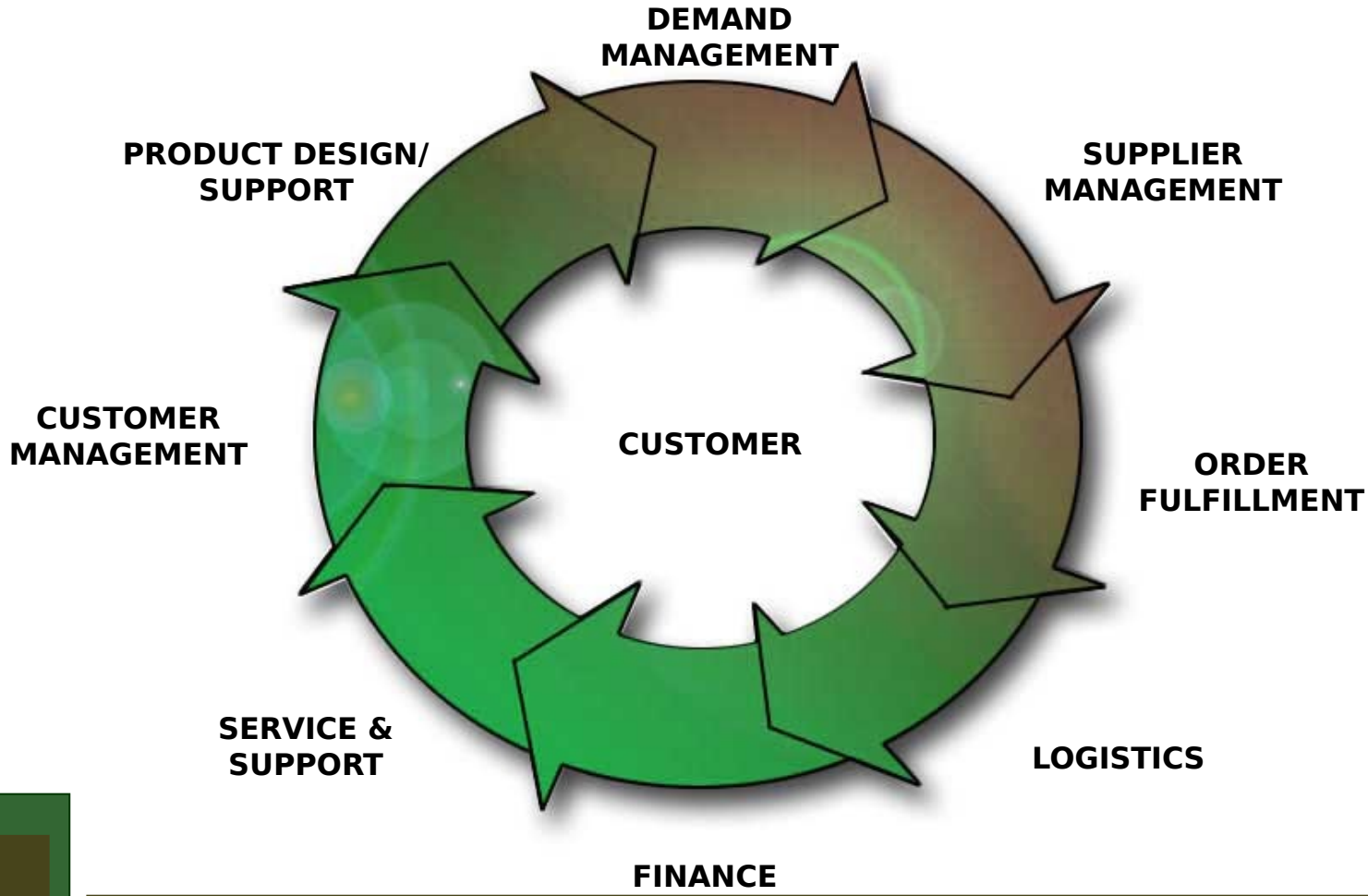
OVERALL BUSINESS PROCESS

Conventional ERP Supply Chain View



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OVERALL BUSINESS PROCESS

SOLID TEAM OBJECTIVES PRODUCE THE DESIRED RESULTS

AMC and the REMANUFACTURING
FACILITY OBJECTIVES

INVENTORY INVESTMENT	CUSTOMER SERVICE	MANUFACTURING COSTS	WINNER
↓	↑	↓	**ALL OF US**

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Logistics Modernization Program

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LMP REMANUFACTURING FOR CECOM

PRESENTED BY TEAM CSC

Thank You!